

12

28 February 1997

**TRANSCRIPT OF THE PRIME MINISTER  
THE HON JOHN HOWARD MP  
INTERVIEW WITH ALAN JONES - RADIO 2UE**

E & OE .....

**JONES:**

Prime Minister, good morning.

**PRIME MINISTER:**

Good morning Alan.

**JONES:**

12 months Sunday, how long does it seem?

**PRIME MINISTER:**

On occasions a lot longer and on occasions only yesterday. But I still find the job, and I'm sure I'll continue to find the job an immense privilege, very stimulating and something that I find a great deal of satisfaction in doing.

**JONES:**

Those who see you in operation every day in Canberra say that you are very much chairman of the board, that the Government runs from your office. Is that an accurate view?

**PRIME MINISTER:**

Well in a sense those two statements are contradictory. If the Government runs from your office you're not quite in the sort of hands off chairman of the board role. It's a mixture of the two. Look, I am the chairman of the board or the first amongst equals,

however you like to put it, but I take a very keen interest in things that are important. I try to let Ministers run their own portfolios. When problems emerge it's my responsibility to get involved and it's also my responsibility to push and be responsible for the major goals of the Government. So I guess it's a mixture. I think I've got the mixture about right.

**JONES:**

Is it fair for people to say 12 months out that it's been a year of living cautiously?

**PRIME MINISTER:**

Not a year of living...it's been a year of living sensibly. I don't think it's a good idea for any leader to play fast and loose with the security of the Australian people. I don't believe that leaders should run around calling for change just for the sake of change. There's been an enormous amount of change in peoples' lives over the last 20 years, social change, personal change, economic change, political change. And therefore if you want to change something you've got to be satisfied that what you're changing to is better and you've got to be satisfied that you take people with you. Now, in areas where I believe change is necessary, like industrial relations, I've pushed it harder than anybody in Australian political experience in the last 20 years. I mean, I've led the debate in this country in other positions for industrial relations changes. In other areas, as you know, like the constitution, because I'm unconvinced that we're going to be any better off I'm facilitating the debate and if the Australian people, in the fullness of time, want change it will be their decision and I will naturally, as I've always said, accept that decision. But I don't believe that change for its own sake is necessarily a good thing.

**JONES:**

All right, well having said that people are able to understand the kind of person, if they didn't already understand, that John Howard is. Just running then off that word change and your own statement that - I'd like to see people comfortable and relaxed - I think you made that statement - by the year 2000 I'd like to see an Australian nation that feels comfortable and relaxed about their history. I'd like to see them comfortable and relaxed about the present and I'd like to see them comfortable and relaxed about the future - can I ask you, are you comfortable and relaxed, for example, about the health care system?

**PRIME MINISTER:**

No, I'm not. We'll be dealing with the final report of the Productivity Commission arising out of the changes in health insurance premiums and other matters. We'll be dealing with that very soon. There are many aspects of the health system which I'm not comfortable and relaxed about. There's too much pressure on the public hospitals. There are too few people in private health insurance.

**JONES:**

Do you understand why?

**PRIME MINISTER:**

Well the major reason there are too few people in private health insurance is that the previous government, against the advice of one of its own former health ministers, Graham Richardson, allowed the number of Australians to fall below what you might call the critical mass point of about 40%. And if tax breaks of the type we are introducing in July had been introduced five or six years ago as people like Graham Richardson wanted and Bob Carr now recognises should have occurred then we would not now have such a heavy drain on the public hospitals.

**JONES:**

But when Gough Whitlam became Prime Minister all those years ago and introduced this failure which is Medibank-Medicare, which every Prime Minister since including yourself, with respect, seems to be unprepared to touch, there were over 80% of people looking after their own health care, took out their own private health insurance and the premiums were deductible. What's wrong with that?

**PRIME MINISTER:**

Well Alan, the major reason why there has been that big change in relation to private health insurance is it has become less attractive for people in private health insurance.

**JONES:**

Only because you've stopped allowing people to cover their insurance as a tax deduction.

**PRIME MINISTER:**

Well the main reason is tax. Well, when we were last in office, with respect, in 1983 when we were voted out there was a tax deduction for health insurance. It was abolished by the former government...

**JONES:**

But why not reinstate it?

**PRIME MINISTER:**

Well, it's coming back on the 1st of July.

**JONES:**

What, \$450?

**PRIME MINISTER:**

Well Alan, if we hadn't have had such a large deficit we could have afforded more but we can't frankly afford more. But that is better than having nothing. I mean, there's not a man or woman listening to your programme who's got private health insurance who won't welcome that rebate, that \$450. I mean, it must help.

**JONES:**

Has anyone done any figures for you though? You see, the total health bill at the moment is about \$39 billion. If people actually were given a tax deduction for their health costs and that gap didn't exist there would be an incentive for people to go out of the taxpayer funded public system into a private health system. Surely you'd save a massive amount out of that \$39 billion. In other words, wouldn't the reforms fund themselves?

**PRIME MINISTER:**

People often, with respect, argue that and it sounds great on the surface but people don't always behave in that fashion. Different people react differently to incentives and the margins are often very thin and therefore the incentive is not that great. Many people feel more comfortable with - dare I use that expression again - more comfortable with the public system than a private one and you may find that you have an enormous tax bill which is not recouped by the switch of people out of the public system. Alan I understand there are a lot of deficiencies in the health system. It's a shared responsibility between the Commonwealth and the States. We are very conscious of it. I don't dismiss it. We committed ourselves to tax rebates. I believe they will help. They should have been brought in years ago and if they had have been we'd probably now have something like 40 to 45% of people in private health insurance instead of about 34 to 35%. Now, I take on board all of the very legitimate criticisms that are made about the system. We will be addressing a number of things other than tax in looking at the private health insurance system and the Government will be examining that whole area over coming weeks.

**JONES:**

All right. Can I just ask you another question about jobs? There's about one and a half million people out there unemployed. I mean I know you've been given crook advice about the budget from bureaucrats who admitted in a Senate Committee hearing on Wednesday they made 170 mistakes. That mustn't impress you.

**PRIME MINISTER:**

Well I wasn't happy, no. No I wasn't and everybody knows that. The one thing that can be said in their defence is that it's had no actual effect on the budget bottomline and this is the first time bureaucrats have ever, under any government, put together a mid-year review in such detail. But that doesn't alter the fact it was a mistake and those responsible for the area in which it occurred are well aware of how unhappy both the Treasurer and myself are with that.

**JONES:**

Well you've got one and a half million people unemployed perhaps, does it astound you as it does every person listening to this programme when I tell them that last year our beer imports went up 20%, our beef imports up 17%, our wine imports up 21%, our milk and cream imports up 37%, our butter imports up 49%, that we can't actually compete with concentrate from Brazil? So recently a businessman wrote to me about a million Valencia orange trees to be destroyed in the MIA because we allow cheap orange juice from Brazil. What the hell is going on?

**PRIME MINISTER:**

Well Alan what you're saying is that if you introduced import controls you would bring about a fall in unemployment.

**JONES:**

Yes, I am saying that.

**PRIME MINISTER:**

I think the arguments for that are debateable. In some areas it is true that the pace of change and the pace of tariff reduction has caused jobs to be lost in other areas because people who previously invested in those industries that used to have tariff protection have invested in other areas, jobs have been created. I mean, we are in fact seeing jobs created, for example, now hand over fist in the tourist industry...

**JONES:**

That should be as well as, not instead of.

**PRIME MINISTER:**

Well it's just to know that if you're an investor and you've got \$10 million and you find it more attractive to invest in a protected industry than in an unprotected industry you're going to invest in the protected industry even though the prospects for job growth...(inaudible)...

**JONES:**

Can I just ask you this. You're a parent and you've actually had to feed and clothe your kids for many years and they're all mad about the Reeboks and the Nikes and all that sort of stuff, just to take one example. Are you trying to tell me that you couldn't find an Australian manufacturer that couldn't actually put Nikes or Reeboks on the feet of your kids for the price that you have to pay when you go into the supermarket store, \$135 or whatever? Are you trying to tell me that we couldn't actually produce that gear for that price? I don't believe that.

**PRIME MINISTER:**

Well what I'm trying to tell you Alan is that faced with a choice between investing in something that gives you a 10% return and something that gives you an 8% return, somebody will always put it in the 10% return. And it's not always the case that the thing that gives you the best return is the industry that employs the most people.

**JONES:**

Last time you were Treasurer...

**PRIME MINISTER:**

Look Alan, I'm not arguing, I'm not arguing with you that it is stupid to reduce protection without getting something in return from other countries. I mean, we have a decision to take on the motor vehicle industry for example. Now, we haven't got the final report of the Productivity Commission and I can't pre-empt what we're going to say. But I am very well aware of the employment consequences of that decision. I'm also well aware that the real growth in the motor vehicle industry in Australia lies in the export market. Because Australia is a small domestic market. The cost of manufacturing cars is quite high in any part of the world and in order to make dollars and employ people as well as selling into the domestic market, which is relatively static, you've got to be able to sell into the world market. So we've always got to have an eye to the export market if we want big investment and we want jobs in the industry. So it is not as simple for us to say look, we'll put up the barriers, we'll keep everything out...

**JONES:**

No, I'm not saying that.

**PRIME MINISTER:**

Well, I'm glad because it is a mixture of the two. It is sensible...

**JONES:**

It is, but we're out of kilter. See, I don't know where that kind of argument comes from because I know the way Prime Ministers function, I worked for one, and they get all this rubbish put over their desk that bureaucrats write and I wish we'd just get rid of some of those bureaucrats. See, when you say that to me I then look at the figures in front of me where our manufacturing trade deficit - that is, just to explain to my listeners, the aggregate of what we manufacture and export to make money and the aggregate of what we import. Take them away. When you were last Treasurer the deficit was \$2 billion. Very tolerable. We could live with it because it was a different framework in operation there in relation to tariffs and whatever. That deficit is now \$40 billion. Now, we're not fair dinkum are we? We've dropped the tariff barriers. We're letting all these imports in. When you do that you're actually exporting jobs.

Someone else overseas has got the jobs, manufacturing stuff that we're letting into the country. How can we sustain that deficit?

**PRIME MINISTER**

Alan, that argument is, like all arguments in this area, it is correct up to a point, just as the argument in reply I've given you is correct up to a point. It is a question of getting the right mix. It is not a question of being a slave to ideology or responding to the latest piece of advice that comes across your desk. You've got to try and get a mix of the two. It is a fact that in some highly protected industries, despite the highest tariffs in the country, employment has fallen steadily over the last 20 years. You can't get away from the fact that people will always invest their money in the industries that will do the best and if you have industries that are very heavily protected but don't employ many people, and you will attract investment into them to the detriment of investment into other industries that might grow more quickly and employ more people. Now what I am trying to do is to get a correct balance between the two of them.

**JONES:**

You understand the concern though, don't you?

**PRIME MINISTER**

Alan, I do. I understand, I mean, I have been to South Australia, for example, many times and talked to people in the motor vehicle industry. I understand these things.

**JONES:**

Right. Well let's just take it a step further. On March 12 you were elected. On July 30 the official interest rate went from 7.5% to 7%. On November 6 it went from 7 to 6.5%. On December 11 it went from 6.5 to 6%. Now Japan is the most successful economy in the world. They've got unemployment...

**PRIME MINISTER**

No, I don't entirely agree with that.

**JONES:**

Well it's one of the most..

**PRIME MINISTER**

I think the United States is.

**JONES:**

Okay, well Japan, United States. Japan has an unemployment rate of about 2.5% and businesses up there pay about 2% for their money. Why when you have presided over

a reduction on those sorts of interest rates, down to an official rate of 6% is business the only engine that can employ these people that you want employed still paying 13, 14 and 15%?

**PRIME MINISTER**

Well I think there are two reasons for that. Firstly, I don't think the banks pass on the reductions quickly enough. That's the first point I have made and that is a criticism that the Treasurer and I have repeatedly made and we will continue to make, and secondly and most importantly, the banks need more competition in the business loans area. Now you mentioned business loans. Let me compare housing loans. Housing loans have come down dramatically. You know why they've come down? They've come down because there's been more competition and that's the reason. The greatest...

**JONES:**

Why wouldn't you think of doing though what the Bank of Japan does? The Bank of Japan is directed by the Government to funnel money into manufacturing and agriculture at very significant concessional interest rates..

**PRIME MINISTER**

Well I say on that Alan that the major reasons why Japan has a very low unemployment rate is that the whole culture of that country is utterly different from what it is in Australia and no Government can turn the inherent culture of a country ..

**JONES:**

No.

**PRIME MINISTER**

You have lifetime...

**JONES:**

But you're talking about..

**PRIME MINISTER**

You don't have the same obligations on taxpayers in Australia as they do in Japan to look after their own. In the whole, people have lifetime employment, your companies are meant to look after the retired people. Now I mean that might be a good thing but you're not going to bring about that kind of ...

**JONES:**

No but you were just talking before about investment and no business is going to go out and enthusiastically invest when they are being charged 15% for their money.

**PRIME MINISTER**

I agree with that and that is why we have pushed very hard to have lower interest rates. It's why we cut the deficit and because if you have a lower deficit, in time you have lower interest rates but the key to even lower interest rates for small business is of course a continuation of our policies which push rates down but also the key to it is to have more competition. Now you've seen it happen in housing, and it's the lowest housing loans since the late 1960s and that is because of Aussie Home Loans, and RAMS and all those other small groups that have really...

**JONES:**

Well listen, we've got to go to the news and I just want to give you a chance to say something. It's 12 months in. There's 12 months in front of you. It's going to be tough. What do you say to the people listening to you now about what they can expect from John Howard?

**PRIME MINISTER**

Well there will be a continuation of the style of government that I tried to describe in my opening remarks. We do have challenges but we have a lot of strengths and we have a lot of opportunities. I am going to keep in touch with the Australian people. I will never take them for granted. I will always regard the job that I have as an immense privilege and the most important commitment I made I believe I have honoured and that is I have stayed true to the essential promises that I took to the people at the last election, and I promised the Australian people a continuation of an approach to Government that listens to what they have to say, understands their problems, on occasions is willing to argue very strongly and very passionately the need for change and reform but somebody who believes that on the great balance sheet of the history of this country is a very proud one, and as we look back over our history we have far more to be proud of than we have to be ashamed of and we should take a discriminatory approach towards change. We've changed the things that have failed. We keep the things that have worked.

**JONES:**

Okay, just on that subject, I didn't want to pursue this but you are aware of course that the Wik decision is, in perspective holding up about \$9 billion worth of decision making which is also jobs. When will the nation get an answer from you on Wik?

**PRIME MINISTER**

I expect to be able to make a recommendation to the Cabinet at Easter. I have spent an enormous amount of personal time over the last few weeks since I came back from

my annual break talking to everybody, to the Aboriginal leaders, to the states, to the mining and farming leaders. It is very complicated. Everybody at the moment is approaching it with great goodwill to see if we can get an agreed outcome. If we can't I will recommend a course of action to the Government because this issue has to be resolved. The Wik decision did overturn one of the basic principles of what we thought represented native title.

**JONES:**

It overturned an assurance by the previous Prime Minister.

**PRIME MINISTER**

Well it certainly did and it overturned a preamble in the Native Title Act which said that the grant of a pastoral lease extinguished native title. Now the courts made that decision. It is the prerogative of the Parliament to change the law as declared by the courts. I am trying to reach an agreed outcome which will deliver justice and certainty to everybody. I am concerned about the impact of that decision on the security of pastoral titles. I am concerned about its impact on resource development. I had a group of Aboriginal people from the Cape come to see me last week, pleading with me to change the Native Title Act. They had cut a very, very beneficial deal with the Queensland Government and the mining company which would have delivered jobs and benefits and hope to them and to their children and this deal was frustrated by a minority of who they describe, not me, they describe as malcontents and they were pleading with me to change the Native Title Act.

Now that, there couldn't be a better demonstration to me as Prime Minister, they were Aboriginals, they were the Waanyi people and there were six of them. They were Aboriginal elders. They were respected leaders of their community saying the Native Title Act is a failure. One of them actually said to me, I am going to file a claim against the Native Title Act. This has let me down, it's not delivering me anything.

Now that's not John Howard, it's not Tim Fischer, it's leaders of the Aboriginal community who want to make the process of reconciliation work, who want the benefits of investment in mining companies, who want the jobs that investment will generate for their children. They want it, they want a future for their children. They're not worried about nitpicking and political point scoring. They want a future for their children and they are being held up by who they describe as the malcontents and...

**JONES:**

Well just on that, I mean, you mentioned Tim Fischer. He's copped a serve today from the Chief Justice. Isn't Tim Fischer entitled to criticise a High Court judgement which puts so much in this country at risk?

**PRIME MINISTER**

Interestingly enough, that was a dispute about the timing of the judgement but interestingly enough, the Chief Justice in his letter published this morning makes that

very point. There is nothing wrong with criticising judgements. People frequently criticise the judgements of the courts. You know, obviously the courts have a role and an authority in our constitutional set up and I think, we have a very, very long history of great judicial integrity in this country. One of the great strengths Australia has is that we do have an incorruptible judiciary but that doesn't mean to say that we always agree with the decisions they take and the point has to be made, Alan, is that the court declares the law as it is. It is the Parliament's ongoing right to change the law if it thinks that change is in the interests of the Australian community and that is the attitude I adopt towards the High Court and it is the attitude I adopt towards the role of the Parliament.

**JONES:**

All right. Good to talk to you. Have a good Sunday.

**PRIME MINISTER**

Thanks Alan.

**JONES:**

Prime Minister, John Howard.

ends